

Responding to Constituents' Needs in a Changing Climate

Prepared January 2005



Midwestern Higher Education Compact



Responding to Constituents' Needs in a Changing Climate

INDIANA

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Table of Contents

I. Introduction to MHEC	7
II. Cost-Savings Initiatives	9
A. Computing Resources	9
B. Master Property Program	14
C. Telecommunications	15
III. Student Access	17
IV. Policy Research and Related Activities Update	20
V. Indiana Postsecondary Education & Related Data Trends	21
VI. e-Information	29
A. MHEC Website.....	29
B. MHECtech Website.....	29
C. Electronic Newsletter.....	29
VII. Conclusion	30
Appendix.....	31

List of Tables

Table 1: Hardware Volume Purchased & Savings	10
Table 2: Colleges and Universities Participating in the Hardware Program	10
Table 3: K-12 School Districts Participating in the Hardware Program	10
Table 4: State and Local Governments Participating in the Hardware Program	11
Table 5: Savings from Indiana’s Participation in the Novell/MHEC Higher Education Collaborative.....	13
Table 6: Indiana Novell/MHEC Collaborative Member Savings for License Fees	13
Table 7: Indiana Higher Education Members of the MHEC-ATAAlliance Program.....	17
Table 8: Possible Missed Participation Opportunity in MHEC States	18
Table 9: Leading Indicators: Indiana Compared to the U.S. and MHEC States	22
Table 10: Preparation: Indiana Compared to “Top Performing” States in the Nation and MHEC States	23
Table 11: Participation, Persistence and Completions: Indiana Compared to “Top Performing” States in the Nation and MHEC States	24
Table 12: Benefits: Indiana Compared to “Top Performing” States in the Nation and MHEC States	25

Table 13: New Economy Performance: Indiana Compared to U.S. and MHEC States.....	26
Table 14: Affordability: Indiana Compared to Other MHEC States.....	27
Table 15: Funding: Indiana Compared to the U.S. and Other MHEC States.....	28
Table A-1: MPP/ Summary of Initial Contributions & Current Level of Equity	31
Table A-2: MPP/Flood.....	32
Table A-3: MPP/Earthquake	32

I. Introduction to MHEC

The Midwestern Higher Education Compact (MHEC) was established in 1991. The Compact's charge is to promote interstate cooperation and resource sharing in postsecondary education. MHEC's member states are: **Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio and Wisconsin.**

The Compact is governed by the Commission. The Commission consists of five appointees from each member state including the governor or the governor's designee, a member of each chamber of the state legislature, and two at-large members, one of whom must come from postsecondary education. **The Indiana Commissioners are: State Representative Dennis Avery, State Senator Teresa Lubbers, Independent Colleges of Indiana Vice President Anthony Maidenberry, Purdue University Vice President for Governmental Relations Terry Strueh and Indiana Commission for Higher Education Deputy Commissioner Kent Weldon. Donald Weaver, Indiana University retiree, serves as an Alternate Commissioner.** Senator Lubbers was elected vice chair of the Commission in November 2004.

The work of the Compact is financed largely through member-state obligations, cost savings initiatives and foundation grants. A small, full-time staff located in Minneapolis administers MHEC's daily operations, programming, and policy-research activities. The Compact's three core functions are:

- cost-savings;
- student access; and
- policy research.

The Compact follows six major goals in carrying out these functions:

- to enhance productivity through reductions in administrative costs;
- to encourage student access, completion and affordability;
- to facilitate public policy analysis and information exchange;
- to facilitate regional academic cooperation and services;
- to promote quality educational programs; and
- to encourage innovation in the delivery of educational services.

The Compact relies upon grassroots involvement to develop and implement its programs. More than three hundred representatives of Midwestern colleges, universities and leadership organizations serve on its program committees and oversee MHEC initiatives. The combined efforts of these committed volunteers, the Commission, and MHEC staff members have produced significant benefits for Midwestern higher education and the students it serves throughout the region. **To date, over four hundred institutions and agencies have participated in MHEC programs and partnerships.**

The advancement of education through interstate cooperation is a priority of the Midwestern Higher Education Compact. Through the leadership of the Commission and its

President, the Compact continues to be a positive force in creating new opportunities for states, institutions and students. This report addresses the Compact's efforts in general, and addresses the initiatives impacting Indiana, specifically. The following is a presentation of MHEC's computing initiatives, property insurance program, telecommunications program, programs related to students and faculty, policy research and related activities, internet outreach activities, and other affiliated programs. ***The bottom line is that the cost savings achieved through these programs are several times greater than the state's annual obligation of \$82,500. Institutions in Indiana as well as local governments are experiencing significant higher education cost savings.*** An explanation of the calculations used to determine the savings is included in the remainder of the report. The calculations are based on reasonable, if not conservative, assumptions.

II. Cost-Savings Initiatives

MHEC's cost-savings initiatives include the following programs: Computing Resources, the Master Property Program, and the Telecommunications Program. General descriptions of these programs are presented below in addition to specific information related to the cost-savings realized by the Indiana colleges and universities participating in these programs.

A. Computing Resources

Computers have moved from a complementary consideration to an integral part of the education process on campuses. Institutions' faculty, staff and students all need the latest and best hardware and software to effectively and efficiently function. **MHEC's computing resources programs enable institutions and individuals the opportunity to obtain the most competitive pricing on desktops, laptops and other hardware and software.**

- **Hardware Program**

MHEC has contracts with Dell, Gateway and IBM for the sale of computer desktops, laptops, servers, training, peripherals and other services. (Beginning in January 2005, MPC computers will also be available). MHEC's contracts offer the Western States Contracting Alliance (WSCA) aggregate pricing discounts on all products, and aggressive pricing on specific computer bundles pre-configured with higher education uses in mind. **The WSCA aggregate discounted price is always better than the educational discounted price.** If an institution/state entity is making a large purchase of computers they can get a large order discount that is more aggressive than the WSCA aggregate pricing discounts that are listed. The current WSCA discounts are 10-12% off of list price for the most frequently purchased products. The pre-configured bundles range from 14-19% discount off of list price. The list price is a constantly moving number.

The vendors provide a firm-fixed discount on products and services. The vendors sometimes run limited time specials which are offered to MHEC; the specials do not receive any additional discounting. MHEC receives the lower of the two prices.

On an open ended contract for a purchase of 1 to 5 computers, the prices offered under the MHEC contract are as good as an institution/state entity will be able to get. A large percentage of the purchases made under the MHEC contract are of this type. For example, during the July through September 2003 quarter, it is estimated that 92% of the computer purchases were small quantity orders. Without the MHEC contract, entities may be able to get something less than the list price, but it is unlikely they will get the MHEC pricing. They would also have to incur the costs of entering into their own contract with the vendor. **Using the MHEC contract minimizes the administrative costs of going out to bid and negotiating separate contracts, and provides institutions/state entities with a convenience of "one-stop" shopping.** Through the MHEC contract, all products and services are available to the institution/state entity. There is no need to place multiple purchase orders for various products.

Because the list price is constantly moving, MHEC uses a 9% savings when calculating the savings an institution/state entity achieves when purchasing under the MHEC contract. Overall, most institutions/state entities are achieving savings somewhere in the 9-14% range. Unfortunately, the vendors do not have the ability to cost effectively distinguish the discounts each institution is receiving when submitting their reports. **Since the Hardware**

Program's inception in July 2001, Indiana colleges, universities and K-12 schools have saved a total of \$2,144,397 under this program.

Table 1: Hardware Volume Purchased & Savings (in Dollars)
(Breakdown by Sector in Indiana)
July 2003 – June 2004

Sector Participation	Volume Purchased	Percent of Total Volume	Savings	Percent of Total Savings
Public 4-year	\$14,083,549	87%	\$1,267,519	87%
Private	\$77,277	1%	\$6,955	1%
Public 2-year	\$491,159	3%	\$44,204	3%
State/Local	\$1,410,493	9%	\$126,944	9%
K-12	\$21,155	0%	\$1,904	0%
Other Not-For-Profit	\$15,050	0%	\$1,355	0%
Total	\$16,098,683	100%	\$1,448,881	100%

Table 2: Colleges and Universities Participating in the Hardware Program

Ball State University	Indiana University Purdue University-
Butler University	Indianapolis
DePauw University	Indiana University South Bend
Holy Cross College	Indiana University Southeast
Indiana Institute for Medical Research	Indiana Wesleyan University
Indiana State University	Ivy Tech State College
Indiana University Bloomington	Purdue University
Indiana University East	Tri-State University
Indiana University Kokomo	University of Southern Indiana
Indiana University Northwest	Vincennes University

Table 3: K-12 Schools Participating in the MHEC Hardware Program

Brownsburg Comm School Corp	School City of East Chicago
Lafayette School Corp	School Town of Highland
Logansport Comm School	Switzerland Cnty School Corp
Monroe County Comm School	Tippecanoe Valley School
Oregon Davis School Corp	Tipton Comm School Corp

Table 4: State and Local Governments Participating in the Hardware Program

ADAMS TOWNSHIP TRUSTEE	COUNTY OF HAMILTON	IN PROTECTION & ADVOCACY SRVCS
AGING & COMMUNITY SERVICES	COUNTY OF OWEN	IN PUBLIC DEFENDER COUNCIL
ALLEN COUNTY PUBLIC LIBRARY	CRAWFORDSVILLE DIST PUBLIC LIB	IN ST DEPT OF HEALTH
ANDERSON POLICE DEPT	CRAWFORDSVILLE ELECTRIC, LIGHT	IN TECHNOLOGY SERVICES DIV
ASDH	DATA SYSTEMS, INC	IN VOCATIONAL REHAB SERVICES
B3-99 ITS/ASC ISDH	DECATUR COUNTY SHER DEPT	INDIANA DEPT OF HIGHWAYS
BARGERSVILLE COMM VOL FIRE DEP	DECATUR PUBLIC LIBRARY	INDIANA UTIL REG COMM
BRISTOL POLICE DEPT	DELAWARE COUNTY HEALTH	INDIANA VETERANS AFFAIRS
BRISTOL POLICE DEPT	DEPT OF EDUCATION	INDIANAPOLIS AIRPORT AUTHORITY
BROWN COUNTY LOCAL EMERGENCY	DIV OF STATE PARKS & REC	JASPER CO HEALTH DEPT
CALUMET TOWNSHIP ASSESSOR	EAST CHICAGO INDIANA FD	JEFFERSON TOWNSHIP TRUSTEES
CARMEL WASTEWATER TRMT PLANT	EAST CHICAGO URBAN ENTERPRISE	JENNINGS COUNTY
CARROLL SUPERIOR COURT	ELKHART COUNTY	JOBSOURCE
CASS COUNTY	ELKHART PUBLIC LIBRARY	KENDALLVILLE POLICE DEPT
CASS TOWNSHIP	ELKHART PUBLIC WORKS & UTILITY	KENNARD FIRE DEPT
CENTURY CENTER	EVANSVILLE/VANDERBURGH COUNTY	KNOX COUNTY CLERKS OFFICE
CHARLESTOWN POLICE DEPT	FIRE DEPT OF WASHINGTON TWSHP	KOKOMO-HOWARD COUNTY PUB LIB
CITY OF ANDERSON	FORT WAYNE HOUSING AUTHORITY	KOSCIUSKO COUNTY GOVERNMENT
CITY OF ANDERSON ENGINEERING	FOUNTIAN CO EMERGENCY MGT	LAFAYETTE HOUSING AUTHORITY
CITY OF ANGOLA	FRANKLIN CO SOIL/WATER CONSV	LAGRANGE COUNTY EMS
CITY OF CONNERSVILLE	FRANKLIN POLICE DEPT	LAKE COUNTY NET/HIDTA
CITY OF CROWN POINT	GARRETT PUBLIC LIBRARY	LAKE COUNTY SHERIFF
CITY OF EVANSVILLE	GARY CITY HOUSING AUTHORITY	LAKE COUNTY SOLID WASTE
CITY OF FORT WAYNE	GARY PUBLIC LIBRARY	LAKE COUNTY SURVEYOR
CITY OF GREENCASTLE	GEORGETOWN FIRE DEPT	LAKESIDE CORRECTIONAL
CITY OF GREENFIELD	GOODLAND GRANT TOWNSHIP PL	LAPORTE CITY POLICE DEPT
CITY OF HAMMOND	GOSHEN PUBLIC LIB	LARENCE COUNTY
CITY OF LAFAYETTE	GREENE COUNTY INFO SERVICES	LEGISLATIVE SERVICES AGENCY
CITY OF LAWRENCEBURG	GREENE COUNTY VETERANS OFFICE	LOGANSPOUT/CASS COUNTY
CITY OF MISHAWAKA	GREENTOWN PUBLIC LIBRARY	MADISON COUNTY
CITY OF MUNCIE	HAMMOND POLICE DEPT	MADISON COUNTY UNIFIED COURTS
CITY OF NEW CASTLE	HAMMOND SANITARY DISTRICT	MADISON STATE HOSPITAL
CITY OF NORTH LIBERTY	HANCOCK COUNTY ASSESSOR	MARION COUNTY AUDITOR
CITY OF PLYMOUTH OF WASTEWATER	HANCOCK COUNTY RECORDER	MARSHALL COUNTY
CITY OF PORTAGE	HANOVER TOWNSHIP	MEDORA POLICE DEPT
CITY OF PORTAGE PARKS	HARRISON COUNTY EMA	MIAMI COUNTY PROBATION DEPT
CITY OF RISING SUN	HENDRICKS COUNTY GOVERNMENT	MIAMI COUNTY PROBATION DEPT
CITY OF SOUTH BEND	HENRY COUNTY COMMUNITY CORRECT	MICHIANA AREA COUNCIL OF GOVTS
CITY OF TERRE HAUTE	HOUSING AUTH -CITY OF HAMMOND	MICHIGAN CITY SANITARY DIST
CITY OF TERRE HAUTE	HOWARD COUNTY AUDITOR	MIDDLEBURY POLICE DEPT
CITY OF WEST LAFAYETTE	IN DEPT OF ADMINISTRATION	MITCHELL POLICE DEPT
CITY OF WHITING	IN DEPT OF CORRECTION	MONROE COUNTY PUBLIC LIBRARY
CLARK COUNTY GOVERNMENT	IN DEPT OF EDUCATION	MONTGOMERY COUNTY COURT
CLAY COUNTY	IN DEPT OF HEALTH	MUSCATATUCK STATE DEV CNTR
COLUMBUS CITY UTILITIES	IN DEPT OF REVENUE	NEW HAVEN PARKS & REC DEPT
CONNERSVILLE UTILITIES	IN DEPT OF TRANSPORTATION	NOBLE COUNTY
CORYDON PD	IN JUVENILE CORR FACILITY	NOBLE COUNTY SHERIFF'S DEPT

NOBLESVILLE S E PUBLIC LIBRARY	SPENCER POLICE DEPT	TOWN OF SUMMITVILLE
NW INDIANA REG PLANNING COMM	ST JOSEPH CO AIRPORT AUTHORITY	TOWN OF WILLIAMSPORT
OSGOOD PUBLIC LIBRARY	ST JOSEPH COUNTY	TOWN OF WINONA LAKE
OWEN COUNTY SHERIFF DEPT	STATE OF IN BRANCHVILLE COR FA	TWENTY FIRST CENTURY SCHOLARS
PARK CENTER	STATE OF IN PLAINFIELD CORR FA	VERMILLION CO VETERANS OFFICE
PENDLETON COMMUNITY LIBRARY	STATE OF INDIANA	WARREN COUNTY
PERRY TOWNSHIP OF ALLEN COUNTY	SULLIVAN COUNTY COURTS	WARRICK CO SHERIFF'S OFFICE
PERU UTILITIES	SWITZERLAND COUNTY AUDITOR	WARRICK CTY COMMISIONERS OFFC
PITTSBORO POLICE DEPT	SYRACUSE FIRE DEPT	WASHINGTON MUNICIPAL UTILITIES
PLAINFIELD JUVENILE CORREC FAC	TOWN OF BEVERLY SHORES	WASHINGTON TOWNSHIP AVON FIRE
PORTER COUNTY	TOWN OF DANVILLE	WASHINGTON TWP/HENDRICKS CO
PULASKI SUPERIOR COURT	TOWN OF FISHERS	WAYNE TOWNSHIP
PUTNAM CO PLANNING COMMISSION	TOWN OF KENTLAND	WEST CENTRAL SOLID WASTE
PUTNAM COUNTY CLERK	TOWN OF KOUTS	WESTERN IN COMM ACTION AGENCY
RIPLEY COUNTY TECHNOLOGY DEPT	TOWN OF NEW CARLISLE	WESTFIELD PUBLIC WORKS
RUSH COUNTY	TOWN OF NEWBURGH SEWER DEPT	WESTVILLE CORRECTIONAL FACILIT
RUSHVILLE FIRE DEPT	TOWN OF PORTER	WHITELAND FIRE DEPT
RUSHVILLE POLICE	TOWN OF SCHERERVILLE	
SOUTH BEND POLICE DEPT	TOWN OF SPEEDWAY	

- **Software Program**

All higher education institutions purchasing Novell software must do so through an Academic License Agreement (ALA). Paying Novell an annual license fee is based on either their FTE (Full-Time Enrollment) count if purchasing the software for the whole campus or it is based on their workstation count if purchasing the software for a department only. The higher the FTE or workstation count is, the greater the discount in price for the annual license fee. An institution will get the maximum discount Novell offers on the annual license fee if they have an FTE count of 100,000 (46% discount) or a workstation count of 14,000 (22% discount). There are no other educational discounts for Novell software.

Under the MHEC program, all institutions in the Compact, regardless of their FTE count or workstation count, get the maximum discount Novell offers. Even the largest institutions in the 10 MHEC states are not able to reach the maximum discount levels, and therefore are able to save 4-8% on their annual license fees over what they were previously paying.

For Fiscal Year 2003-2004, Indiana's higher education institutions saved \$225,680 on annual license fees. Since the beginning of the program in 2002, Indiana institutions have realized \$333,190 in cumulative savings on annual license fees. Adding the estimated savings on support incidents to the license fee savings brings the cumulative savings from the program to \$341,590 (*Table 5* next page).

Table 5: Savings from Indiana's Participation in the Novell/MHEC Collaborative

Indiana's Novell/MHEC Collaborative Participants	Savings on Annual License Fees 2003-2004	Cumulative Savings on Annual License Fees	Estimated Support Incident Savings 2003-2004	Cumulative Estimated Support Incident Savings	Cumulative Savings on Licenses & Estimated Support Savings
Total	\$225,680	\$333,190	\$6,200	\$8,400	\$341,590

MHEC determines the savings for each institution by calculating the difference between what the institution would have had to pay for their annual license fee if the MHEC program was not in existence, and what they are currently paying for their annual license fee under the MHEC program. Each institution must pay 15% of the savings it achieved under the program to MHEC to help cover the costs of the program. MHEC subtracts that 15% of the savings from the gross savings to report only the net savings.

Table 6 below shows member license savings achieved under the Novell/MHEC Higher Education Collaborative during the past fiscal year, July 1, 2003-June 30, 2004 by Indiana institutions.

**Table 6: Indiana Novell/MHEC Collaborative
Member Savings for License Fees**

Indiana Collaborative Members 2003-2004	Net License Fee Savings
Anderson University	\$ 6,687
Bethel College	4,923
DePauw University	8,440
Indiana State University	21,759
Ivy Tech State College	21,732
Purdue University Calumet	20,788
Purdue University Fort Wayne	117,529
Purdue University North Central	6,898
Valparaiso University	11,081
Wabash College	5,843
Indiana Total	\$225,680

MHEC also offers member institutions reduced pricing on Novell technical support. Traditionally, an institution had to pre-purchase a package of 5-20 telephone support incidents at a price of \$450 per incident. The institution also had to use all of the telephone support incidents it purchased during the year, or the telephone incidents would expire. **Under the MHEC program, the institution saves \$100 per incident by having to pay only \$350 per incident (after the first incident which is free).** In addition, the institution needs to purchase only one incident at a time, when it is needed, so there is no concern that incidents will expire. **Novell does not offer this technical support option to any other institution or entity. Novell makes this available only through MHEC.** Institutional savings for technical support includes a savings of \$350 for the first telephone support incident that is used under the MHEC program and \$100 per telephone support incident thereafter. **Indiana institutions saved an estimated \$6,200 for Novell support incidents in FY 2003-2004,** and they saved an estimated \$8,400 for support incidents since the beginning of the program in 2002.

A third area of savings for institutions is in the area of training and professional development. Through training and professional development, institutions are able to leverage their existing investments in the Novell software into greater and enhanced uses. **MHEC has negotiated with Novell free and reduced training and professional development classes for the benefit of institutions. Traditionally, this is something Novell has not done for any other customer including Indiana institutions.** MHEC is able to do this by leveraging the large number of institutions across the 10 states that need this training. Institutions calculate the difference between what they would have paid for the training class, and what they are paying as a result of the MHEC program. Training classes typically run from \$1,000 to \$3,000 per class.

In addition, **MHEC and its partners** -- Novell, the Minnesota State Colleges and Universities and Minnesota Satellite and Technology – **provide a series of nine satellite training broadcasts at no cost to Collaborative members.** The cost to participate in the broadcast series is \$400 for non-members.

B. Master Property Program

The Master Property Program (MPP) has brought benefits to institutions of higher education since 1994. The program was established to broaden property coverage, reduce premium rates and encourage improved asset protection strategies for colleges and universities in the Midwestern Higher Education Compact's (MHEC) ten member states. Currently, higher education institutions in Illinois, Kansas, Michigan, Minnesota, Missouri and Nebraska participate in the program. In addition, collaboration with the Western Interstate Commission for Higher Education (WICHE) in June 2004 opened up the Program to institutions in the West. With this, the University and Community College System of Nevada joined the Master Property Program on July 1, 2004. There are 46 institutions, with a total of 71 campuses and Total Insurable Values (TIV) in excess of \$44 billion participating in the program.

The institutions are being insured in a layered program with the primary layer being through Lexington Insurance Company. The Master Property Program successfully renewed with a flat renewal on July 1, despite a large fire loss of a historical building at Eastern Illinois University.

- **Estimated 2004 Savings and Benefits**

Each year, MHEC evaluates the success of the Master Property Program by looking at the program's overall costs, terms and conditions and services as compared to a participating institution buying their coverage on an individual basis or part of a smaller group. **The institutions participating in the program in 2003-04 saved approximately \$3.6 million.**

- **Overall Premiums**

MHEC's program administrator, Marsh, works with approximately 1,500 institutions of higher education nationally with approximately 150 of those located throughout the Midwest. Based on this experience, it is estimated by Marsh that most MHEC institutions would experience a 10% to 25% rate increase outside of the MHEC program. Therefore, based on exposure, deductible and loss history, Marsh applies a rate increase against the overall account rate of the current program to estimate potential premium savings. Please note that many smaller higher education institutions are being subject to much higher rates – in the range of 0.12 to 0.15 – the MHEC average account rate is 0.03494 currently (for all members). (See Appendix for further description of the Master Property Program.) **Please note that the MHEC MPP Oversight Committee has declared a \$1.7 million dividend to be paid for the 2001 and 2002 policy periods for members participating in the program at that time based on loss experience as of June 30, 2004.** (See Captive section in Appendix.)

- **Indiana Institutions Participating**

Currently, Indiana institutions have elected not to participate in the Master Property Program. Conversations have taken place with the Independent of Colleges of Indiana and it is still being determined how Indiana would best fit into the current program or perhaps MHEC's Package Policy Initiative (property and casualty coverage together).

C. MHEC-ATAlliance Telecommunications Program

MHEC is a founding member of the American TelEdCommunications Alliance (ATAlliance), which was created to provide low-cost access to top-quality educational technology programs and to give education an organized way to exert leadership in building technology policies and standards. (See www.ATAlliance.org.) The MHEC-ATAlliance programs offer discount pricing for telecommunications (long distance and cellular telephone service), Internet services, video services, e-learning management solutions and other services.

MHEC, the three other regional higher education interstate compacts, and MiCTA, a national nonprofit association for telecommunications, share their resources in order to better serve the information technology needs of their constituents. The ATAlliance now has over 19,598 members from across the nation representing government and public sector organizations, health care, education, and libraries as well as religious and charitable organizations.

The MHEC-ATAlliance program along with MHEC's two earlier telecommunications programs have led to considerable savings for member states and their institutions. **Over the course of the program, the MHEC-ATAlliance Program has saved Indiana members approximately \$3,760,915. For 2004 the MHEC-ATAlliance estimates savings of approximately \$501,660 for Indiana members.**

The telecom savings from the MHEC-ATAlliance programs are determined by the program administrator, the MiCTA Service Corporation (MSC). The steps they use for determining the cost savings are to:

1. Identify the program volume used by members;
2. Break down where the volume comes from (i.e. long distance, computers, video, e-learning, etc.);
3. Review contract terms and conditions for these programs to identify the incorporated savings;
4. Identify tariff/street prices for contracts that are fixed cost;
5. Apply appropriate percent savings to come up with cost outside the agreement; and
6. Subtract → result is the savings.

Most, if not all, states already have telecommunications contracts for primary services that are available to state agencies, colleges and schools, and the MHEC-ATAlliance programs are not intended to compete with or supplant successful state programs. Rather, the MHEC-ATAlliance programs can be complementary to state services, help fill gaps in services or offer other products. For example, in the area of interactive video, the state may have an agreement needed by a university for a codec (coder-decoder) but not for a particular MCU (multi-point control unit) that is needed.

Some services that can be purchased from the ATAlliance contracts may not be available through state contracts. ATAlliance prices may be better than state contracts or may incorporate “value-added” components such as fixed costs for maintenance, upgrades, or contract specifications tailored to educational functions. In some cases, state telecommunications agencies may select a vendor under an ATAlliance contract as its best source.

State agencies and public colleges and universities sometimes need the RFP process validated or certified to ensure that an open-bid process is used. As an instrumentality of state government created by identical statutes in its member states, MHEC certifies the Request-for-Proposals (RFP) process used in order for these public entities to take part in the programs.

In addition to certifying the process and ensuring that state purchasing guidelines are followed, the higher education compacts add the value of their volunteer member expertise. MHEC acts as a facilitator and convener for the region, using the expertise from its committee members and its network of contacts to identify technology needs and priorities, clarify issues and determine the best course of action, if any. The volunteer experts from MHEC states become advocates for the needs of higher education in the Midwest with respect to a particular product or service.

- **Indiana’s Involvement in the MHEC-ATAlliance Program**

Indiana has 74 higher education entities as members of the ATAlliance, including the Indiana Higher Education Telecommunications System (IHETS). Indiana membership also includes 114 health care facilities; 6 governmental & public sector entities – including the State of Indiana; 223 religious and charitable organizations, and 244 (primarily private) preschool, primary and secondary education institutions. (For a complete listing of members, see www.micta.org.)

Table 7: Indiana Higher Education Members of the MHEC-ATAlliance Program

Ancilla College	Indiana U-Purdue University	Manchester College
Anderson University	-- IU Purdue U Columbus	Marian College
Ball State University	-- IU Purdue U Ft. Wayne	Oakland City University
Bethel College	-- IU Purdue U Indianapolis	-- Oakland City U Bedford
Butler University	Indiana Wesleyan University	Purdue University
Calumet College of St. Joseph	Ivy Tech State College	-- Purdue University Calumet
DePauw University	-- Columbus	-- Purdue U N Central Campus
Earlham College	-- Elkhart	Rose-Hulman Institute of Tech
Franklin College of Indiana	-- Evansville	Saint Mary of the Woods College
Goshen College	-- Ft. Wayne	Saint Mary's College
Grace College	-- Gary	Saint Meinrad College
Hanover College	-- Indianapolis	St. Joseph's College
Holy Cross College	-- Kokomo	Taylor University
Huntington College	-- Lafayette	-- Taylor University at Ft. Wayne
IN Higher Ed. Telecom System	-- Lawrenceberg	Tri-State University
Indiana Institute of Technology	-- Logansport	University of Evansville
Indiana State University	-- Madison	University of Indianapolis
Indiana University	-- Marian	University of Notre Dame
-- Indiana U Bloomington	-- Muncie	University of St. Francis
-- Indiana U East	-- Richmond	University of Southern Indiana
-- Indiana U Kokomo	-- Sellersburg	Valparaiso University
-- Indiana U Northwest	-- South Bend	Vincennes University
-- Indiana U South Bend	-- Tell City	-- Vincennes U Jasper Center
-- Indiana U Southeast	-- Terre Haute	Wabash College
	-- Valparaiso	
	-- Wabash	
	-- Warsaw	

III. Student Access

Indiana - Midwest Student Exchange Program

The Midwest Student Exchange Program (MSEP) is an interstate initiative established by the Midwestern Higher Education Compact to increase interstate educational opportunities for students in its member states. **This tuition discount program includes the six participating states of Kansas, Michigan, Minnesota, Missouri, Nebraska and North Dakota.** The program strives to facilitate enrollment efficiency in those institutions, which have excess capacity in existing programs. These states have made the policy decision to open their doors to students from other MHEC states at reduced rates. Institutions in these states can choose to participate (or not) and have the autonomy to determine their level of participation. **Public institutions enrolling students under MSEP agree to charge no more than 150 percent of the in-state resident tuition rate, while private institutions offer a 10 percent reduction on their tuition rates. (Institutions can choose to increase this discount.)**

MSEP institutions have the ability to tailor the exchange program to their individual campus needs. For example, an institution may select only those degree programs in which it wishes to increase enrollments and limit enrollments to programs that are reaching capacity. Campuses are granted the

autonomy to establish their admissions requirements as well as determine available programs of study to MSEP students.

The program began in the fall of 1994 with 366 students; by the fall of 2003 that number grew to 2,532 students.

Recently, discussion has ensued over whether MHEC should enter into an agreement with California to recruit out-of-state students because of the reported higher education capacity challenges facing that particular state. This fall, at the request of the MHEC Executive Committee, MHEC staff prepared a migration report to provide the Compact's leadership with detailed information about student migration patterns and possible expanded student exchange initiatives, whether those initiatives be with only California or are broader in scope and impact. The report presented the projected student population trends relevant to this important discussion and the current student migration patterns for the region, MHEC member states and states projected to see significant increases in their high school graduate populations. Included in the report was information about current state and institutional reciprocity agreements and data about the Midwest Student Exchange Program.

The report presents migration data from 2002 for the MHEC region and this data can be used to illustrate potential "missed opportunities" for students in the MHEC states. By definition, missed opportunity means the inability of students to seek a discount through the Midwest Student Exchange program at an out-of-state institution. **Table 8** below illustrates this "missed opportunity."

Table 8: Possible Missed Participation Opportunity in MHEC States¹

	First-time Freshman Enrollment State/Importing State											
		IL	IN	KS	MI	MN	MO	NE	ND	OH	WI	Export Total
Home State of Residence/Exporting State	IL	0	3,235	245	1,017	395	1,714	68	25	873	98	7,670
	IN	764	0	22	328	60	152	11	11	0	0	1,348
	KS	78	82	0	0	0	0	0	0	36	26	222
	MI	503	1,014	0	0	0	0	0	0	1,283	233	3,033
	MN	324	216	0	0	0	0	0	0	142	0	682
	MO	796	422	0	0	0	0	0	0	212	92	1,522
	NE	91	48	0	0	0	0	0	0	36	29	204
	ND	19	9	0	0	0	0	0	0	4	6	38
	OH	438	1,565	50	530	44	246	12	6	6	0	2,897
	WI	502	338	42	451	0	143	35	67	164	0	1,742
	Import Total	3,515	6,929	359	2,326	499	2,255	126	109	2,756	484	19,358

Source: Postsecondary Education OPPORTUNITY (2004), IPEDS 2002 enrollment surveys by the National Center for Education Statistics (NCES)

¹ Enrollments are not calculated between MSEP states and those states with reciprocity agreements.

Overall, in 2002, it is estimated that 19,358 first-time freshman students were not provided the opportunity to attend an out-of-state institution at a possible reduced tuition rate because four states do not participate in MSEP, which includes 1,348 Indiana residents.² Students and families from these non-participating states frequently inquire about why their states are members of MHEC but do not use MSEP; especially, as the cost of a college education continues to escalate. Given current estimations, MSEP would save these students and their families, on average, \$3,017 per year. If the remaining four states joined MSEP beginning fall 2005, MHEC predicts that by fall 2008, an additional 6,000-10,000 students would be participating in the program, based on estimates derived from current migration and enrollment trends.³

In the 2003-04 school year, 58 of the 129 MSEP (45%) participating institutions reported students enrolled under MSEP; a decrease of 4 percent from the previous academic year. Of those 58 institutions, 33 percent reported enrollments of five students or less. Although 129 campuses from the participating states are MSEP institutions, MHEC estimates that approximately 260 additional institutions in those states are not participating that could be eligible.

Enrollments in MSEP peaked in 2001-02 with 2,710 students participating in the program; however, enrollments have slightly declined since that time even though cost savings to students continued to increase at a steady rate – because of rapid increases in tuition.

Traditionally, the success of MSEP has been measured by the bottom line—the tuition costs saved—rather than total number of enrollments (i.e. opportunities for students). MHEC staff is working to encourage changes in how to think about, promote and measure the success of this program. This program's success will ultimately come from number of students served and total dollars saved. And, the expansion of affordable postsecondary opportunities for students ultimately benefits the MHEC states as they prepare tomorrow's workforce.

The challenge to truly make this an all encompassing Midwest program that benefits more of the states' citizens is informing students, informing high school counselors and college admission representatives and getting the four non-participating MHEC states to participate in the program. The MHEC staff is renewing its focus on MSEP and brainstorming strategies to increase participation across the Compact's ten states.

² To calculate this missed opportunity of first-time freshman enrolling within one year of high school graduation, MHEC staff tallied the import/export totals for the states that do not currently participate in MSEP. This includes enrollments for students residing in IL, IN, OH and WI and also enrollments of students in participating MSEP states who migrate to IL, IN, OH and WI. Enrollments between WI and MN were not included because of the reciprocity agreement that exists between the two states.

³ MHEC staff calculated the total number of students enrolled as MSEP students in 2002 (2,438) and divided it by four to estimate a first-year student count (610). This number was compared to the 3,666 first-time freshman migrating in the MSEP states. As a result, MHEC staff estimates that 16.63 percent of these students migrating in the MSEP states use MSEP as a means to obtain reduced tuition. Enrollments between MN and ND are excluded because of the reciprocity agreement that exists between the two states. Of the 19,358 students calculated to have a "missed opportunity" to participate in MSEP, MHEC estimates that 16.63 percent of these students, or 3,213 students would utilize the tuition reduction, annually. To calculate the 6,000-10,000 additional students participating by 2008, MHEC estimates the following: Year One: 3000 freshman; Year Two: 3,000 freshman and 2,000 sophomores; Year Three: 3,000 freshman, 2,000 sophomores and 1,500 juniors; and Year Four: 3,000 freshman, 2,000 sophomores, 1,500 juniors and 1,500 seniors.

IV. Policy Research and Related Activities Update

MHEC's policy research core function complements its cost-savings and student access related programs. In this function, MHEC fosters dialogues about policy and practice between policymakers and postsecondary-education leaders and serves as a vehicle for information exchange across the region.

A policy research advisory committee was formally created in April 2004. This committee consists of one Commissioner from each member state as well as individuals from other organizations throughout the region who serve as ex-officio members.

- Policy Research Advisory Committee

Jay Noren, Executive Vice President & Provost, University of Nebraska (Chair)

Dennis Avery, State Representative, IN

Tim Flakoll, State Senator, ND

David Pearce, State Representative, MO

David Ponitz, President Emeritus, Sinclair Community College, OH

Keith Pretty, President, Walsh College of Accountancy and Business Administration, MI

Doug Stang, State Representative, MN

Rolf Wegenke, President, Wisconsin Association of Independent Colleges and Universities

*Vacancies – IL & KS

Ex-Officio Members

Kate Carey, Executive Director, Ohio Learning Network

Janet Holdsworth, Director of Policy Research, MHEC

Larry Isaak, President, MHEC

Larry Matthews, Assistant Vice President, The College Board, Midwest Regional Office

Mike McCabe, Director, Council of State Governments, Midwest Office

Lana Oleen, Chair, MHEC Commission; Senate Majority Leader, Kansas

Ada Simmons, Associate Director, Indiana Education Policy Center, Indiana University

In the past year, several policy research projects and related activities were developed, implemented and disseminated including the following:

- **The Midwest PERL (<http://perl.mhec.org>)**

- The Midwest PERL (Postsecondary Education Resource Library), developed with support by Lumina Foundation for Education, is designed to meet the data and policy-research needs of MHEC's constituents through two complementary databases: 1) state-level data for MHEC member states; and 2) policy reports and scholarly articles searchable by postsecondary issue, sector, and institutional type.

- **Policy forum: Increasing Access and Retention in Times of Limited Growth**

- Collaborative effort: MHEC & WICHE; August 19-20, 2004
Attending states from Midwest: KS, NE, ND and WI

- **Policy briefs series**

- *Average Tuition and Required Fees for Public Colleges and Universities* (April 2004);
- *Average Faculty Salaries by Sector and Institutional Type* (April 2004);
- *Trends in Funding for Public Higher Education* (April 2004); and

- *Trends in State-Sponsored Student Financial Aid: A Comparison of Grant Aid in the Midwestern States* (October 2004)

In addition, MHEC staff members made professional conference presentations and were invited speakers at, or served as, research affiliates for various state-, regional- and national events and initiatives. Some of these activities include:

- **Conference Presentations**
 - *Tribal Community Colleges and Online Distance Education: Technology and Tradition Meet on Three Midwestern Campuses*, presented at the annual meeting of the Council for the Study of Community Colleges (April 2004);
 - President's presentation at the *National Commission on Accountability in Higher Education* (May 2004);
 - *The Role of the Regional Higher Education Compact*, presented at the annual meeting of the National Conference of State Legislatures (July 2004);
 - *Barriers to Access and Opportunity in Higher Education: Policies Impacting the Fate of Qualified Undocumented Students in the United States*, presented at the annual meeting of the Association for the Study of Higher Education (November 2004); and
 - *The Impact of Postsecondary Financing Policies on Undergraduate Enrollment: A Longitudinal Analysis of the Midwestern States*, presented at the annual meeting of the Association for the Study of Higher Education (November 2004)
- **Invited Speaker & research affiliation**
 - *The National* (formerly Kellogg) *Forum on Higher Education for the Public Good*, housed at the University of Michigan, Ann Arbor (January 2004);
 - *American Council on Education – Futures Project* meeting (January 2004);
 - *State Leadership and Responsibility*, National Center for Public Policy and Higher Education, (April 2004);
 - *National Center for Public Policy and Higher Education's* meeting on relevant data for Measuring Up 2004 report (May 2004);
 - *Bridging Higher Education to the States Initiative* funded by Ford Foundation and directed by Dr. Mario Martinez, associate professor at UNLV and affiliate with ECS (August 2004);
 - *National Center for Public Policy and Higher Education*, Research Associates Program (2004-05);
 - *CAEL/Lumina Initiative on Adult Learners* (October 2004); and
 - *Council of State Governments Midwest Legislative Staff Workshop* (October 2004)

V. Indiana Postsecondary Education and Related Data Trends

MHEC's policy researchers provide the Compact's states with credible data and information about their postsecondary education enterprise and comparable data for the other MHEC states serving as a performance benchmark. **The following section provides MHEC's Indiana constituents with some state-level data on a variety of significant postsecondary measures:** contextual leading indicators, preparation indicators, participation, preparation and completion indicators, funding and affordability indicators, and benefits indicators with emphasis on the economic benefits of a postsecondary education for Indiana residents and the state.

This compilation of indicators is not meant to be exhaustive as a variety of additional measures can be used to help Indiana better understand its performance in postsecondary education and its preparation of a highly skilled workforce for the knowledge-based economy. The sources for these data are the National Center for Higher Education Management Systems (NCHEMS), the National Center for Public Policy and Higher Education's *Measuring Up 2004*, Postsecondary Opportunities, the Progressive Policy Institute and the U.S. Census.

Leading Indicators. **Table 9** displays some contextual data for Indiana on a number of leading indicators as compared to the U.S. and the other states in the MHEC region. These indicators help provide a context for the postsecondary education related indicators for Indiana that follow.

Table 9: Leading Indicators: Indiana Compared to the U.S. and MHEC States*

	Projected % change in population, 2000-2015	Projected % change in number of all HS graduates, 2002-2017	Projected budget surplus/shortfall by 2010	Average income of poorest 20% of population (2002)	Children in poverty (2001)	% of adult population with less than a high school diploma or equivalent (2003)
IN	5.9%	22.3%	-5.2%	\$13,538	12.0%	13.6%
U.S.	12.9%	8.0%	-3.4%	\$12,072	16.0%	14.0%
IL	6.3%	3.4%	-4.2%	\$13,000	15.0%	14.1%
KS	10.2%	0.3%	-0.3%	\$13,000	12.0%	11.4%
MI	2.5%	-0.5%	-1.7%	\$12,800	14.0%	12.4%
MN	9.4%	-3.5%	-1.9%	\$16,749	9.0%	8.4%
MO	8.4%	-1.5%	-4.7%	\$13,200	15.0%	11.7%
NE	8.5%	-3.5%	-1.4%	\$13,189	12.0%	9.2%
ND	6.3%	-30.9%	2.2%	\$11,000	13.0%	10.3%
OH	2.4%	-3.1%	-1.4%	\$12,826	14.0%	12.8%
WI	6.9%	-6.2%	0.0%	\$14,910	11.0%	11.4%

*Source: WICHE, 2003; National Center for Public Policy and Higher Education, *Measuring Up 2004*

The most notable data trends from these indicators are:

- Indiana is projected to experience a significant growth in high school graduates by 2017, according to the Western Interstate Commission for Higher Education (WICHE) calculations, however, the Indiana Higher Education Commission is currently reviewing the accuracy of the WICHE data;
- The percentage of Indiana children in poverty is less than the national average; and
- Indiana has the second highest proportion of adult residents with less than a high school degree in the MHEC region.

Preparation: **Table 10** shows how Indiana compares to “top performing” states in the nation and the other states in the MHEC region on indicators related to the preparation of high schools students for postsecondary education. These indicators include measures related to high school

completion rates, K-12 course taking behavior, and teacher quality. (A student's preparation in, specifically, upper-level math is an excellent predictor of a student's postsecondary persistence and completion.)

Table 10: Preparation: Indiana Compared to “Top Performing” States in the Nation and MHEC States*

	18-24 yr olds with HS credential (2002)	9 th to 12 th graders taking at least one upper-level math course (2001-02)	9 th to 12 th graders taking at least one upper-level science course (2001-02)	12 th graders taking at least one upper-level math course (2001-02)	7 th to 12 th graders taught by teachers with a major in their field (1999-2000)
IN	89%	46%	30%	29%	79%
Top performing states in the nation	94%	59%	41%	66%	81%
IL	87%	n/a**	n/a**	n/a**	70%
KS	88%	n/a**	n/a**	n/a**	70%
MI	89%	40%	27%	36%	66%
MN	93%	49%	30%	n/a**	92%
MO	91%	55%	34%	n/a**	66%
NE	90%	61%	38%	n/a**	80%
ND	97%	53%	35%	54%	73%
OH	87%	47%	23%	54%	61%
WI	89%	58%	36%	56%	81%

*Source: NCHEMS; National Center for Public Policy and Higher Education; ** No data available.

The most notable data trends from these indicators are:

- Over three-quarters of high school students in Indiana are taught by a qualified teacher; and
- The proportion of Indiana's 9th-12th graders' taking at least one upper-level math and science course is lower than most MHEC states.

A county-level breakdown of residents 18-24 year olds with a high school diploma or equivalent in Indiana (based on 2000 Census data as reported by NCHEMS) shows that Monroe County (95.1%), Tippecanoe County (92.2%), and Delaware County (88%) lead the state in the proportion of population with a high school credential. LaGrange County (37.8%), Davies County (58.5%), and Elkhart County (59.9%) have the smallest percent of 18-24 year olds with a high school diploma or equivalent. The counties with the sharpest decline in this measure over the past decade are: Sullivan County (-19.7%), Parke County (-10.9%), and Clinton County (-8.7%). The counties with the largest increase over the past decade are: Crawford County (14.1%), Grant County (11.3%) and Washington County (8.7%).

Participation, Persistence and Completion: **Table 11** shows how Indiana compares to “top performing” states in the nation and the other states in the MHEC region on indicators related to postsecondary participation, persistence and completion. These indicators include measures related

to a high school student's chance for college by 19 years of age, participation rates for traditional-age college students and adult learners, retention rates for first-year students in both two- and four-year institutions, completion rates for undergraduate students, and total degrees and other certificates awarded per 100 students.

Table 11: Participation, Persistence and Completions: Indiana Compared to “Top Performing” States in the Nation and MHEC States*

	Chance for college by 19 (2000)	18- to- 24-year olds enrolled in college (2002)	25- to 49-year-olds enrolled part-time in any type of postsecondary education (2001)	1 st yr community college students returning their second yr. (2000-01)	Freshmen at 4yr colleges and universities returning their sophomore yr. (2000-01)	First-time, full-time students completing a BA within 6yrs of college entrance (2001-02)	Certificates, degrees, and diplomas awarded at all colleges and universities per 100 undergraduate students (2001-02)
IN	41%	30%	3.2%	53%	77%	54%	17
Top performing states in the nation	52%	40%	5.4%	63%	84%	64%	21
IL	42%	33%	4.9%	53%	79%	58%	17
KS	50%	37%	4.4%	51%	74%	50%	18
MI	40%	38%	4.1%	47%	79%	54%	15
MN	53%	36%	3.7%	56%	80%	55%	19
MO	39%	32%	3.9%	52%	76%	53%	18
NE	50%	38%	4.2%	52%	76%	50%	18
ND	58%	42%	2.3%	n/a**	72%	44%	19
OH	39%	34%	3.2%	55%	75%	54%	17
WI	45%	31%	3.7%	49%	81%	57%	20

*Source: Postsecondary Opportunities; US Census Bureau; National Center for Public Policy and Higher Education; **Data not reported

The most notable data trends from these indicators are:

- Indiana's proportion of 18-24 year old students and 25-49 year olds enrolled in college are less than the national average and among the lowest in the MHEC states; and
- Indiana trails the best performing states in the nation on both retention and completion measures, but is higher than several MHEC states.

Individual and State-Level Benefits: **Table 12** shows how Indiana compares to “top performing” states in the nation and the other states in the MHEC region on indicators related to the economic and civic benefits associated with the attainment of a postsecondary education. These indicators include measures related to the percent of the adult population with, at least, an undergraduate degree, increased personal income as a result of attaining a higher education, voter participation, individual charitable contributions and volunteering rates.

Table 12: Benefits: Indiana Compared to “Top Performing” States in the Nation and MHEC States*

	Population 25-65 yrs with a BA or higher (ave. of 2000 to 2002)	Increase in total personal income as a result of the % of the population holding a BA degree (ave. of 2000 to 2002)	Increase in total personal income as a result of the % of population with some college (including an AA) (ave. of 2000 to 2002)	Residents voting in national elections (ave. 1998 and 2000)	% declaring charitable gifts (of those individuals who itemize on federal income taxes) (2001)	Increase in volunteering rate as a result of college education (2002)
IN	24%	9%	2%	49%	83%	15%
Top performing states in the nation	36%	12%	3%	60%	92%	22%
IL	29%	9%	2%	51%	89%	16%
KS	32%	9%	2%	50%	87%	17%
MI	27%	11%	3%	55%	89%	20%
MN	31%	9%	3%	66%	91%	21%
MO	28%	7%	3%	56%	85%	18%
NE	29%	6%	3%	52%	89%	19%
ND	27%	5%	1%	63%	86%	17%
OH	26%	9%	2%	51%	83%	19%
WI	25%	7%	2%	59%	87%	19%

*Source: U.S. Census Bureau; National Center for Public Policy and Higher Education, *Measuring Up 2004*

The most notable data trends from these indicators are:

- The proportion of Indiana’s population 25-65 years old with a BA or higher is the lowest in the MHEC region; and
- The increase in personal income as a result of the percent of the population holding a BA degree is similar to or higher than many MHEC states.

In terms of proportion of its civilian population (age 16 years and older) participating in the workforce Indiana (64.7%) is above the national average (62.3%), according to U.S. Census Bureau statistics. **Table 13** presents the scores and rankings for Indiana on some of these important indicators related to the state’s performance in the new economy as compared to the nation and other MHEC states.

**Table 13: New Economy Performance:
Indiana Compared to U.S. and MHEC States***

	New Economy Index Score (2002)	New Economy Index Ranking Among States In the U.S. (2002)	Innovation Capacity Score (2002)**	Innovation Capacity Ranking Among States in the U.S. (2002)
IN	52.81	36th	7.39	36th
U.S.	60.3	----	10.0	----
IL	64.67	17 th	10.01	22 nd
KS	56.69	29 th	8.34	28 th
MI	59.96	23 rd	9.42	24 th
MN	68.65	13 th	12.17	13 th
MO	58.85	24 th	8.15	30 th
NE	54.35	33 rd	7.66	34 th
ND	46.10	44 th	7.24	38 th
OH	56.47	30 th	8.68	26 th
WI	52.01	40 th	8.18	29 th

**Source: The Progressive Policy Institute, 2002; U.S. Census Bureau; ** Innovation capacity includes five measures: 1) share of jobs in high-tech industries; 2) scientists and engineers as a share of the workforce; 3) the number of patents relative to the size of the workforce; 4) industry R&D as a share of GSP; and 5) venture capital invested as a share of GSP.*

The most notable data trend from these indicators are:

- Indiana can improve on the New Economy Index and its innovation capacity.

Affordability and Funding: **Table 14** shows how Indiana compares to the other MHEC states in the region on indicators related to the affordability of a postsecondary education. These indicators include measures related to the percent of income needed to pay for college expenses, the state's investment in need-based financial aid, the share of income that the state's poorest families need to pay for college and the average loan amount borrowed by students for an undergraduate education.

Table 14: Affordability: Indiana Compared to Other MHEC States*

	% of income needed to pay for community college expenses minus financial aid	% of income needed to pay for public 4yr college expenses minus financial aid	% of income needed to pay for private 4yr college expenses minus financial aid	State investment in need-based financial aid as compared to the federal investment	At lowest-priced colleges, the share of income that the poorest families need to pay for tuition	Average loan amount that undergraduate students borrow each year
IN	24%	29%	61%	85%	18%	\$3,231
IL	21%	30%	62%	78%	14%	\$3,615
KS	19%	23%	46%	13%	14%	\$3,204
MI	22%	32%	45%	36%	15%	\$2,963
MN	19%	23%	50%	87%	20%	\$3,050
MO	19%	27%	50%	12%	15%	\$3,240
NE	18%	24%	48%	12%	13%	\$3,096
ND	22%	25%	34%	4%	22%	\$2,793
OH	27%	36%	62%	31%	22%	\$3,380
WI	18%	22%	54%	49%	17%	\$3,076

*Source: National Center for Public Policy and Higher Education, *Measuring Up 2004*

The most notable data trends from these indicators are:

- Indiana (second to Minnesota) has one of the highest commitments to need-based financial aid in the MHEC region; and
- The portion of income needed to pay for both community colleges and private four-year colleges, minus financial aid, is higher in Indiana than most MHEC states.

Table 15 shows how Indiana compares to the nation and other MHEC states on several funding-related indicators. These indicators are focused on the state's support for higher education calculated by per capita and by \$1,000 personal income (which is more sensitive to taxpayers' ability to pay than appropriations per capita).

Table 15: Funding: Indiana Compared to the U.S. and Other MHEC States*

	Appropriations of State Tax Funds for Higher Education Operating Expenses - In Thousands (\$) for FY05 (2004)	% Change in Appropriations FY03-FY05 (2004)	Adjusted (Instructional) Appropriations for Public Higher Education Per FTE - APP/FTE - (\$) (2002)	State Appropriations for Higher Education Per Capita (\$) (2004)	State Appropriations for Higher Education Per \$1,000 Personal Income (\$) (2004)
IN	1,417,481	6.8%	4761	219.56	7.64
U.S.	63,005,272	1.4%	6262	210.96	6.83
IL	2,654,340	-4.0%	7984	213.64	6.36
KS	715,830	5.3%	6439	251.82	8.51
MI	1,977,258	-8.2%	6660	206.37	6.72
MN	1,273,328	-3.8%	6841	254.32	7.39
MO	861,421	-1.6%	6605	147.01	4.98
NE	505,555	-2.9%	5672	286.79	9.24
ND	200,430	-1.7%	4783	316.22	11.13
OH	2,103,892	1.9%	5535	181.90	6.07
WI	1,103,602	-8.9%	6511	204.19	6.65

*Source: NCHEMS; *The Grapevine*

The most notable data trends are:

- Indiana is one of just three states in the MHEC region that saw an increase in recent appropriations; and
- Indiana's adjusted (instructional) appropriations for public higher education per FTE is low compared to other MHEC states.

Summary of Policy Indicators Appropriations for higher education in Indiana have increased despite a regional trend of cutbacks. Indiana's commitment to need-based financial aid in comparison to the federal commitment is second in the region. Students and their families, however, are still required to pay a higher proportion of their incomes for a college education compared to residents of the other MHEC states. This affordability challenge to students and their families may increase as most of the states in the region are projected to see an increase in low-income and historically disadvantaged populations

Other than affordability, which is an issue in most states, one of the top postsecondary policy issues that Indiana may need to continue to address is low participation in higher education by its high school graduates and adult residents in comparison to other states in the region. This issue will be of particular significance in years to come as Indiana experiences growth in its high school graduate population, according to the WICHE's projections. (Please note that there is some concern in

Indiana that these projection data may reflect too large of an increase in this population. Some state-level leaders suggest that the projected increase will be much less than what WICHE reports.)

The preparation of Indiana's students for access to affordable postsecondary education opportunities will continue to be a policy issue for the state's higher education leaders and policymakers and is a policy area in which recent actions have been taken.

For the increased development of a high quality workforce in Indiana, the retention and success of students once they access postsecondary education should continually be reviewed. Given the prospect of continuing tight fiscal times, Indiana's leaders may want to consider postsecondary policies related to access, affordability and success, now, to strengthen the foundation of its economic and civic capital.

VI. e-Information

MHEC continues to evaluate and upgrade its technological capabilities to more efficiently and effectively respond to its constituents' changing needs by providing e-information to its various constituents on cost-savings initiatives, news, policy reports, region-level data and other resources. Primarily this outreach and information-sharing initiative occurs through MHEC's website.

A. MHEC Website

The Midwestern Higher Education Compact (MHEC) revised its website (www.mhec.org) and launched the new site in April 2003. The site improved upon its ability to meet its various constituent's needs whether it be policy makers, higher education leaders, students and families or its commissioners. Highlights of the website are: accessible pdf documents of member state's savings, program highlights, as well as public policy research reports, data and updates. MHEC has various documents available in the publications sections, from program brochure information to Compact documents. The site keeps current with each state's commissioners. The site also offers online discussion boards for its constituents as well as committee members of the Master Property Program who make use of the private online discussion board to keep current with the program.

B. MHECtech Website

After the development of the new MHEC site, the MHEC technology collaborative site (www.mhectech.org) was also revised a month later. **The collaborative provides affordable access to computing resources for Midwestern colleges and universities and their faculty, staff and students. This site provides direct access to purchasing hardware, software and telecommunications products & services.**

C. Electronic Newsletter

MHEC continues to provide a monthly electronic newsletter to the constituents it serves and also posts it in the publications section of the MHEC website. The Novell/ MHEC Higher Education Collaborative and telecommunications listservs also provide updates on program happenings.

VII. Conclusion

The Compact is committed to serving its various constituents more effectively and efficiently through collaborations. Responding to constituents' changing needs is even more important than years past because of the changing climate impacting postsecondary education in the Midwest states. The information presented in this report clearly shows that MHEC's programs and services are aligned with the mission and goals established by the Commission. While MHEC's services have provided Indiana and other Midwest states significant savings, the organization will continue to respond to constituents' needs for new services such as the policy-research function.

Appendix

Master Property Program

Terms & Conditions

The current Master Property Program is written on a manuscript policy form with broad terms and, typically higher limits than would be afforded on an individual basis. A couple of examples:

- Flood Zone A (currently \$50,000,000) and New Madrid Earthquake (currently \$100,000,000) would be excluded coverages or very small limits afforded;
- Institutions would have to complete a Business Interruption worksheet for each location (coverage included in policy limits and specific to a building); or, some underwriters are requiring a BI Worksheet for each building before coverage will be afforded; and
- Ordinance and Law Coverage would be sub-limited to \$1 Million where as currently there are policy limits.
- Typically, many smaller sub-limits will apply.
- Standard valuation clauses; no customization for higher education, i.e. research animals, fine arts, valuable papers, historical buildings.

Captive

A large component of the program's costs are allocated to the captive layer which is the layer owned by participating members in the program for a given policy year. If losses are good in that policy year, the members have a potential to receive a dividend; however, should losses be poor, then members will not receive a dividend but nor would they be assessed for any additional contribution in that policy year.

Table A-1: MPP/ Summary of Initial Contributions & Current Level of Equity

	2001	2002	2003	2004
Initial Contribution	\$1,721,621	\$2,784,648	\$4,015,134	\$4,205,603
Current Equity	\$20,274	\$2,109,492	\$2,039,212	(1)
Declared Dividends	\$0	\$0	\$418,294 Paid	\$1,707,865 To Be Paid

As of June 30, 2004

Note: ⁽¹⁾ Current policy term.

Catastrophe Coverages

The current MHEC Master Property Coverage provides coverage for certain catastrophe coverages such as flood and earthquake that would be limited or, possibly, not afforded on an individual basis.

Table A-2: MPP/Flood

	Current Program	Typical Program
Limits	\$100,000,000 except \$50,000,000 Zone A as defined by FEMA	\$1,000,000 to \$2,500,000 Zone A Excluded
Deductibles	Individual Institution Deductible except 2% per Location for Zone A as defined by FEMA	Minimum \$50,000 Zone A Excluded; if coverage available, then deductibles vary on exposure and market.
Costs	Included in Overall Program Costs	Increased costs if higher limits desired or will have to go to Excess / DIC Markets

Table A-3: MPP/Earthquake

	Current Program	Typical Program
Limits	\$100,000,000	\$2,000,000 New Madrid Excluded
Deductibles	Individual Institution Deductible (Minimum \$25,000)	Minimum \$50,000 or 2% of Total Insurable Value
Costs	Included in Overall Program Costs	Increased costs if higher limits desired or will have to go to Excess / DIC Markets

Engineering

Due to the complex engineering needs of this program for both the members and the insurance partners, it was important to develop an engineering program that met both needs. To accomplish these objectives, Marsh worked closely with the members and its partner markets to develop a customized engineering program.

Following are various examples of cost saving examples associated with the new MHEC Master Property Insurance Program. While the following examples are more qualitative than quantitative, it gives a snapshot of the benefits. Further, Marsh anticipates having additional information by the end of the renewal term that will enable the program administrative team to better quantify actual savings.

If an individual Member was to purchase the services offered by the Program's new Engineering Program on an individual basis, costs would be approximately 10 – 20% higher. For all Members, this would equate to approximately \$150,000 to \$300,000 in savings for the overall program.

Field Inspection Time – TVA Fire & Life Safety, Inc. (TVA) conducted the property loss control inspections based on the following criteria:

- On the average, one week was devoted to a campus inspection, realizing more time may have been devoted to larger campuses and less time to the smaller ones;
- Each main university campus and major satellite campus(es) were visited;
- Buildings in excess of \$5 million total insurable value were inspected, or buildings of lesser value at the university's request;
- Existing property loss control safety programs were audited including records to ensure adequate testing of fire protection systems/equipment on site; and
- An exit conference was held with risk management/safety representative(s) to discuss the inspection and any resulting recommendations.

Fire Protection Equipment Testing – many carriers' frequencies for testing fire protection equipment were greater than NFPA's. Since the new program utilizes NFPA 25, a savings is produced in man-hours and outside service vendors.

Impairment Handling - TVA monitored impairments to fire protection systems through the use of an 800 dial-up system or email. This service was also optional, yet highly recommended to ensure fire protection systems are fully restored.

MHEC Engineering Website – Carriers typically generate a report that was mailed or emailed to the respective member institution. From what Marsh understands, this has generated internal correspondence, review, discussion, etc. The new program offers a website that includes all vendor information (i.e. property inspections, infrared thermography surveys and boiler & machinery jurisdictional inspections). The "one-stop-shopping" approach will provide a time savings for distributing, reviewing and responding to the findings.

Property Insurance Marketing Data – insurance carriers typically do not disclose all data associated with their property inspections. This information (especially COPE & loss estimates) is critical for underwriting purposes. The new program captures the appropriate data via the engineering website and will hopefully reduce future insurance rates/premiums.

Infrared Thermography - An infrared thermography survey identifies "hot spots" in electrical and mechanical equipment. A "hot spot" represents a loss in energy and potential ignition source. This service presents an energy savings, as well as, preventing/reducing the risk associated with a fire loss.

New Construction/Major Remodel Projects - Upon request, Marsh provided property insurance related specifications for major remodel and new construction projects. The areas of concern include fire protection, water supplies, construction, hazardous processes, natural hazards, exposures, etc. The specifications were tailored to each project with the intent of providing an acceptable level of protection, yet at a cost-effective price. Marsh worked with the architects, contractors, local authorities having jurisdiction, etc. during the course of the project to resolve any issues that may arise.

Plan Review - TVA provided plan review services for major remodel and new construction projects. This service was optional for each university, yet highly recommended to ensure adequate property loss control measures are considered for each project.